

MAY - 5 1994

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
800 Data Base Access Tariffs and the ) CC Docket No. 93-129  
 )  
800 Service Management System Tariff )

REBUTTAL

BellSouth Telecommunications, Inc. ("BellSouth") provides this response to oppositions to its direct case, which was filed September 20, 1993, in compliance with the Commission's order.<sup>1</sup> Notwithstanding the benefit of numerous extensions of time, opponents of the direct case raise few issues to which BellSouth has not heretofore provided a complete response. Petitioners' objections generally relate to the allowance of certain costs as exogenous, methods employed for demand quantification and miscellaneous terms and conditions. Each of these matters is addressed in Exhibit 1 to this filing. In addition, BellSouth offers further clarification of provisions respecting area of service routing.

This information, in concert with previously submitted data, is more than adequate to respond to the issues identified by the Commission and other interested parties and to establish the reasonableness of BellSouth's 800 Data Base Access Service. Accordingly, BellSouth renews its

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<sup>1</sup> Order Designating Issues for Investigation, CC Docket No. 93-129, DA 93-930, released July 19, 1993.

request that the Commission conclude this investigation without modification of the service offering and dissolve the accounting order now outstanding.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: Helen A. Shockey  
M. Robert Sutherland  
Richard M. Sbaratta  
Helen A. Shockey

Its Attorneys

4300 Southern Bell Center  
675 West Peachtree Street, N.E.  
Atlanta, Georgia 30375  
(404) 614-4904

DATE: May 5, 1994

## EXHIBIT 1

### Exogenous Costs

Allegation: BellSouth and other LECs have improperly accorded exogenous treatment to general network upgrades. Thus, costs attributable to service switching point (SSP) and signal transfer point (STP) technologies should be disallowed. MCI, pp. 14-15; CompuServe, pp. 4-6.

Response: In its calculation of exogenous costs BellSouth excluded all costs for core signalling system 7 (SS7) hardware and software, tandem switching and the acceleration of SS7 deployment. SSP costs treated as exogenous are occasioned by the addition of vendor feature packages which are specific to the implementation of 800 Data Base Service.<sup>2</sup>

Exogenous treatment of STP technology is claimed for port terminations used on links between the regional STP (RSTP) and the service control point (SCP) and between the local STP (LSTP) and RSTP. RSTP to SCP links are dedicated to 800 Data Base service. While LSTP links are not similarly dedicated, BellSouth has accorded exogenous treatment to only those costs for additional LSTP links necessary to accommodate the additional traffic generated by 800 Data Base Access Service.

Allegation: Because LECs offer interstate, intraLATA 800

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<sup>2</sup> Some petitioners have observed that the SSP function is not service specific. In fact, this technology is based on an Intelligent Network architecture which requires a fixed indicator to perform the query function. The 800 SSP will not operate with other service access codes (e.g., 500) absent vendor modifications to the software entailing additional costs.

service, some portion of the identified costs of 800 Data Base technology should have been assigned to the interexchange basket. MCI, p. 16.

Response: This charge by MCI is based upon a false premise. BellSouth makes no offering of interstate, intraLATA 800 service.

Allegation: Service control point (SCP) costs cannot be assigned in their entirety to 800 Data Base Access. Such an approach fails to consider future uses of the equipment to provision additional, unrelated services. MCI, p. 19; Ad Hoc, pp. 8-9 and n. 17 and 18.

Response: As previously stated, BellSouth's SCPs are dedicated to the provision of 800 Data Base Access Service. These SCPs are sized to accommodate only the anticipated level of 800 Data Base queries. BellSouth has no plans for the foreseeable future to employ its SCPs in the offer of any other service and would be required to incur additional upgrade costs before these facilities could be applied to other uses.

Allegation: BellSouth has failed to justify the level of Service Management System (SMS) costs treated as exogenous. MCI, pp. 37-40; Sprint, p. 9.

Response: MCI's analysis of SMS costs (MCI Opposition, App. 1, Schedule A) cites a figure which is slightly more than double the amount claimed by BellSouth. The actual level of exogenous SMS costs is \$279,182 (BellSouth's Direct Case, Exhibit 3, page 1). BellSouth employed historic Bellcore project data to estimate this amount, which represents charges BellSouth will incur from the Number Administration and Service Center (NASC) as an SCP owner/operator.

Allegation: BellSouth offers no explanation for its inclusion of land and building costs within the exogenous category. Allnet, pp. 2-3.

Response: BellSouth's land and building costs are incremental to the addition of 800 Data Base SCPs. This amount comprises less than one-half of one percent of total claimed exogenous costs and is without effect on the query rate.

Demand

Allegation: BellSouth's restructure query demand is erroneously predicated upon 1991 historical data. MCI, pp. 41-42.

Response: The 800 Data Base Access Service filing was made before the 1993 annual filing. Thus, base period demand for the restructured query element is appropriately predicated upon 1991 data.<sup>3</sup> This approach is consistent with all BellSouth price cap filings contemporaneous with Transmittal No. 94.

Allegation: BellSouth's demand projections are flawed because they fail to consider the effects of stimulation attributable to the introduction of 800 Data Base technology. MCI, pp. 43-44; Sprint, pp. 13-14.

Response: Price cap rules require use of historical demand for the restructured query service.<sup>4</sup> With regard to new query service, BellSouth concluded that no demand stimulation would be produced solely by a change in service provisioning method. This assumption has been validated by

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<sup>3</sup> See 47 CFR Part 61.3(e), "Base Period", 61.46(a) & (c), 61.47(a) & (d).

<sup>4</sup> Id.

subsequent recorded demand for new query service.

Allegation: BellSouth has derived its query demand forecast from 800 access minutes of use (MOU). BellSouth does not disclose the average MOU per query used in this calculation. Moreover, BellSouth's forecast should be based upon actual query demand if available. MCI, p. 44 n. 127; CompuServe, pp. 9-10 n.16.

Response: BellSouth used an average duration of 2.53 seconds per query to estimate new service query demand. This surrogate was necessary since query demand was not available and minutes of use (mou) has been the measurement employed by BellSouth both to bill and to forecast 800 service usage.

Allegation: BellSouth may have understated query demand by failing to include calls which are not completed to the IXC. MCI, p. 45.

Response: Price cap rules require use of historical demand for the restructured query service.<sup>5</sup> Demand for new query service (i.e., those queries which employ vertical features) is currently below anticipated levels.

Allegation: LEC projections of vertical feature demand are widely divergent and possibly understated. MCI, p. 45; CompuServe, pp. 6-8.

Response: BellSouth's forecast of vertical feature demand is premised on its determination that service users will be predominantly smaller IXCs who lack the capability of providing routing options. To date, this forecast has in fact exceeded recorded demand for vertical services.

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<sup>5</sup> Id.

### Terms and Conditions

Allegation: BellSouth has not adequately described its basic area of service routing feature. MCI, pp. 51-53; Sprint, p. 2.

Response: Basic area of service routing encompasses routing by state of origination, by LATA, by NPA and by NPA-NXX. Only ten digit node routing is treated as a complex feature. BellSouth is prepared to amend its tariff to include these specifications.

Allegation: No query charge should be assessed unless the underlying call is delivered to the IXC. MCI, pp. 57-60; Sprint, pp. 3-4.

Response: Petitioners offer no reason for the Commission to revisit its decision allowing LECs to bill for completed data base queries, notwithstanding subsequent nondelivery of the underlying call. Costs incurred for such queries must be recovered from the IXC, passed on to the general body of ratepayers or absorbed by the LEC. Of these alternatives, recovery from the IXC cost causer is consistent with Commission policies. Moreover, the IXC is better positioned to gauge service demand and the adequacy of existing facilities and thus better able to minimize the incidence of undelivered calls.

### Miscellaneous Issues

Allegation: All LECs should be required to allocate 800 Data Base investment in accordance with Part 36 Rules. MCI, pp. 29-30 and n. 78.

Response: BellSouth employed only those allocators established under Part 36 Rules to apportion 800 Data Base

investment between the interstate and intrastate jurisdictions. Thus, SCP hardware was apportioned to Central Office Equipment (COE) Separations Category 2 on the basis of Tandem Minutes of Use. SCP Land and Buildings was apportioned using the "Big 3" expenses- Plant Specific, Plant Non-Specific and Customer Operations. Dedicated access links for SCPs and additional diagonal links from LSTPs to RSTPs were apportioned to COE Category 4.12 and Cable and Wire Facilities (C&WF) Category 2 on the basis of Exchange Trunk Minutes of Use and to COE Category 4.23 and C&WF Category 3 on the basis of Circuit Miles and Conversation Minute Miles. Contrary to MCI's implication, BellSouth did not hand pick allocators nor employ direct assignment in the identification of interstate investment.

Allegation: Additional cost support filed by BellSouth is insufficient to justify that company's vertical feature rates. MCI, p. 22 n. 64; Sprint, pp. 15-17.

Response: As permitted by the Commission, BellSouth filed alternative cost support for vertical feature rates in lieu of disclosing proprietary software and vendor input to the CCSCIS cost model. The March 15, 1994, filing was limited to vertical feature rates, because BellSouth did not employ CCSCIS in the development of basic query rates. The level of cost detail provided is consistent with all new service filings by BellSouth since the advent of price cap regulation. It is more than adequate to establish that rates for vertical features have been set within a "zone of



reasonableness" that meets statutory requirements and the rules of the Commission.<sup>6</sup>

Allegation: All LECs should employ Method 3 to accomplish necessary adjustments to price cap basket and service band indices. MCI, pp. 40-41; AT&T, p. 10.

Response: The Commission's rules do not specify an order for making price cap adjustments necessary to the 800 Data Base restructure. BellSouth's approach nevertheless complies with the Commission's intent that the restructure be revenue neutral excepting only exogenous costs associated with the service.

The Commission has recognized that Method 1, used by BellSouth, produces only minor changes in pricing flexibility within original service categories. In fact, the difference between API and PCI for the Traffic Sensitive basket was actually narrowed by this filing. Moreover, while the application of Method 1 produced minor increases in pricing flexibility within service bands, these were without practical effect. The annual filing on April 2, 1993, established new upper and lower limits for each service band based on the change in PCI and +/- 5% pricing flexibility. These adjustments eliminate the inconsequential pricing flexibility provided by Method 1,

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<sup>6</sup> See Permian Basin Area Rate Cases, 390 U.S. 747 (1968).

which in any event was never used by BellSouth.<sup>7</sup>

A Commission order to refile using Method 3 would be administratively burdensome by requiring BellSouth to update all index calculations since the implementation of 800 Data Base Access Service. Given this circumstance and the fact that Method 3 would effect no change in service rates, the Commission should decline to impose such a requirement.

Allegation: BellSouth has improperly bundled the POTS translation feature with basic 800 query service. MCI, pp. 56-57.

Response: Delivery of a ten-digit POTS number requires no greater processor interval in the SCP than delivery of a ten-digit 800 number. Because there is no incremental cost difference between the POTS feature and "basic" 800 number delivery, BellSouth originally adopted equivalent recurring rates for the two services. Thus, the rate paid by a subscriber to basic 800 number delivery reflects the identified costs of provisioning that service and no other costs.

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<sup>7</sup> BellSouth made no rate changes which affected these service bands between the filing of Transmittal No. 94 introducing 800 Data Base Access Service and the annual filing on April 2, 1993.

CERTIFICATE OF SERVICE

I hereby certify that I have this 5th day of May, 1994 served all parties to this action with a copy of the foregoing REBUTTAL by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.

Juanita H. Lee  
Juanita H. Lee

SERVICE LIST

CC Docket No. 93-129

Robert J. McKee  
Mark C. Rosenblum  
Judy Sello  
American Telephone and  
Telegraph Company  
Room 2255F2  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Randolph J. May  
Timothy J. Cooney  
First Financial Management  
Corporation  
Sutherland, Asbill  
& Brennan  
1275 Pennsylvania Ave. N.W.  
Washington, DC 20004-2404

Randolph J. May  
Timothy J. Cooney  
Compuserve Incorporated  
Sutherland, Asbill  
& Brennan  
1275 Pennsylvania Ave. N.W.  
Washington, D. C. 20004-2404

Leon M. Kestenbaum  
Norina T. Moy  
Sprint Communications  
Company LP  
1850 M Street, N.W.  
Suite 1110  
Washington, DC 20036

J. Scott Nicholls  
Allnet Communications  
Services, Inc.  
Mgr. of Regulatory Affairs  
1990 M Street, N.W.  
Suite 500  
Washington, D. C. 20036

John J. Bartlett  
Robert J. Butler  
Kurt E. DeSoto  
Aeronautical Radio, Inc.  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, DC 20006

Joseph P. Markoski  
Kerry E. Murray  
National Data Corp.  
Squire, Sanders & Dempsey  
1201 Pennsylvania Ave. N.W.  
P. O. Box 407  
Washington, D. C. 20044

Carol R. Schultz  
MCI Telecommunications  
Corporation  
1801 Pennsylvania Ave. NW  
Washington, DC 20006

James S. Blaszk  
Francis B. Fletcher, Jr.  
Ad Hoc Telecommunications  
Users Committee  
Gardner, Carton & Douglas  
1301 K Street, N. W.  
Suite 900, East Tower  
Washington, D. C. 20005